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Integrated and coordinated implementation of and follow-up to the outcomes of the major United Nations conferences and summits in the economic, social and related fields

United Nations reform: measures and proposals

Follow-up to the outcome of the Millennium Summit

Review of the efficiency of the administrative and financial functioning of the United Nations

Programme budget for the biennium 2006-2007

Scale of assessments for the apportionment of the expenses of the United Nations

Human resources management

Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Investing in the United Nations:for a stronger Organization worldwide: detailed report

Report of the Secretary-General

I. Introduction

1. Building on the earlier reform programmes of the Secretariat in 1997 and 2002, the 2005 World Summit reaffirmed, by paragraph 162 of General Assembly resolution 60/1, the role of the Secretary-General as the chief administrative officer of the Organization, in accordance with Article 97 of the Charter, and requested him to make proposals to the Assembly for its consideration on the conditions and measures necessary for him to carry out his managerial responsibilities effectively.

2. Furthermore, in paragraph 163 of the same resolution, the General Assembly emphasized the need to decide on additional reforms in order to make more efficient use of the financial and human resources available to the Organization and thus to better comply with its principles, objectives and mandates. The Secretary-General

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was called upon to submit proposals for implementing management reforms to the Assembly for its consideration and decision in the first quarter of 2006. In his report on the revised estimates relating to actions mandated by the 2005 World Summit (A/60/537), the Secretary-General indicated that a follow-up mechanism was in place to develop proposals for a full review of the budgetary, financial and human resources policies, regulations and rules under which the Organization operates with a view to aligning them with the current and future needs of the Organization and to enable him to carry out h managerial responsibilities effectively. Subsequently, in his report entitled "Investing in the United Nations: for a stronger Organization worldwide" (A/60/692 and Corr.1), the Secretary-General outlined 23 proposals, of both a short-term and longer-term nature, that responded to the requests addressed to him by the leaders of all Member States at the Summit, held in September 2005.

3. In particular, as indicated in that report, the proposals reflected measures needed to enable future Secretaries-General to carry out their managerial responsibilities effectively, as well as measures to enable the Organization as a whole to make better use of its managerial and human resources. The Secretary-General observed that this represented an opportunity, which might not occur again for another generation, to transform the United Nations by aligning it with and equipping it for the substantive challenges it faced in the twenty-first century. Accordingly, the report aimed to give Member States the tools they would need to provide strategic direction and hold the Secretariat fully accountable for its performance.

4. In the report, the Secretary-General identified seven broad and closely interrelated areas for reform. Reference was made to ongoing reviews of governance and oversight systems and internal justice. The proposals were general in nature, providing only a broad outline of management reform initiatives. It was intended that details of many of the proposals would be elaborated and subsequently submitted for review by the General Assembly following intergovernmental review and guidance at the policy level. The present report addresses in detail those proposals already put forward, in accordance with General Assembly resolution 60/260 of 8 May 2006. It also takes into consideration, as appropriate, guidance of the Advisory Committee on Administrative and Budgetary Questions provided in its report (A/60/735 and Corr.1), which the Assembly took note of in its resolution 60/260.

5. The Assembly, in section I of its resolution 60/260, requested the Secretary-General, in the context of the reports requested in the resolution and the proposals contained therein, to specifically define accountability as well as clear accountability mechanisms, including to the General Assembly, and to propose clear parameters for its application and the instruments for its rigorous enforcement, without exception, at all levels.

6. It may be recalled that by its resolution 60/254, also of 8 May 2006, the Assembly took note of the report of the Secretary-General on measures to strengthen accountability at the United Nations (A/60/312). The Assembly also took note of the additional elements intended to strengthen the accountability framework and requested the Secretary-General to further strengthen the current framework by defining lines of authority and responsibility as well as the respective roles of the individual elements of the framework. In producing the present set of reports, the Secretariat has borne in mind that the basic accountability framework, mechanisms

and instruments for enforcement remain as defined and outlined in annex I to document A/60/312. Nevertheless, the overall strategy of strengthening capacity in the area of information and communication technology, exercising limited discretion in budget implementation, enhancing financial management arrangements and improving reporting mechanisms contributes to greater accountability through improved transparency in management systems. It is also recognized that accountability arrangements will be addressed further in future reports, including those addressing human resources and the administration of justice.

7. The overall thrust of the proposals relating to information technology is better and more transparent handling of information through the use of modern enterprise resource planning and content management systems. Their application will enhance the ability to build and trace audit trails and generate analytical reports for use by both the Secretariat and the oversight machinery, including both internal and external audit. The introduction of new accounting standards combined with a new enterprise resource planning system will provide a quantum increase in accountability. It is anticipated that by the end of 2010 it will be possible to provide a full attestation to the effectiveness of United Nations financial controls in the financial report as a result of the adoption of new accounting standards and the use of a new enterprise resource planning system.

8. Accounting standards are a prerequisite to financial accountability because compliance with them promotes the reliability, consistency and transparency of financial information. According to the International Federation of Accountants,

> An important part of demonstrating accountability can be met by providing information on the activities of an entity to an oversight body (such as Parliament, Parliamentary committees, local government and its committees) or other external party, so that the activities are able to be scrutinized. For example, the efforts of the Executive to demonstrate accountability usually start with proper financial reporting. When improved accounting standards are adopted, and this information is then subjected to independent audit, improved quality information would be reported. Therefore, compliance with accounting standards enhances financial accountability as it contributes to the reliability, consistency and transparency of financial information.[1]

II. Issues addressed in the present report

9. There are four addenda to the present report (see table 1) addressing in clusters the interrelated proposals put forward by the Secretary-General (see A/60/692 and Corr.1). Where practicable and possible, efforts have been made to draw on best practices throughout the United Nations system, while at the same time ensuring that the unique and special character of the United Nations and its central role are fully respected and maintained.

[1] International Federation of Accountants, *Governance in the Public Sector: A Governing Body Perspective*, 2001, study 13, para. .051.

Table 1
Addenda to the present report

Addendum 1:	Investing in information and communication technology (proposals 8-10)
Addendum 2:	Budget implementation (proposal 16)
Addendum 3:	Financial management practices (proposal 17)
Addendum 4:	Improving reporting mechanisms, including public access to United Nations documentation (proposal 19 and part of proposal 18)

10. In the formulation of the present report, it was recalled that related reports had been requested by the General Assembly in its resolutions 59/266 and 60/238. Accordingly, details on the proposals on human resources issues (proposals 1 to 4 and 7, as well as the proposals referred to in paragraph 91 of the report of the Secretary-General (A/60/692 and Corr.1) on the "framework for a one-time staff buyout"; see also resolution 60/1, para. 163 (c)) will be submitted to the Assembly at its sixty-first session. Those proposals will take into consideration the elements sought in section II of resolution 60/260 and will follow consultations with staff representatives to be carried out in accordance with article VIII of the Staff Regulations and section XVI of Assembly resolution 59/266. Consistent with paragraph 14 of the report of the Advisory Committee (A/60/735), the Secretary-General, in his role as chief administrative officer of the Organization, is proceeding with a major new leadership development plan covering recruitment, training and career development to build middle and senior management capacity. If any elements of the plan give rise to additional resource requirements, they would be addressed in the report to be submitted to the Assembly at its sixty-first session.

11. In his report (A/60/692 and Corr.1), the Secretary-General put forward proposals 11 and 12 on alternative service delivery, and advised that he would undertake systematic and detailed cost-benefit analyses of select administrative services. In section IV, paragraph 3, of its resolution 60/260, the Assembly identified five administrative service areas for which the Secretary-General is to provide additional information. The Secretary-General is proceeding as directed under the resolution, and upon completion of the cost-benefit analysis of relocation, outsourcing and telecommuting opportunities for administrative service delivery, separate reports will be submitted to the Assembly for its consideration at the resumed sixty-first session.

12. Investigations and a comprehensive review of procurement services are currently ongoing. Upon completion of this work, scheduled for June 2006, a separate report will be submitted including measures to improve and tighten procedures for the procurement of goods and services.

13. In the area of strengthening monitoring and evaluation, the Secretary-General proposes to revert to the Assembly at its sixty-first session, drawing on the recommendations to be provided as a result of the ongoing review of governance and oversight systems to be completed in June 2006.

14. In the light of sections III and VIII of Assembly resolution 60/260, no further reporting has been included herein regarding proposals 5, 6, 20 and 21.

15. With respect to trust fund matters under proposal 17, the administrative instructions are under preparation and are expected to be finalized later in the year. Consultations with programme managers are continuing on which elements are required in the revised rules and procedures to ensure adequate financial control as well as to improve the administration and management of voluntary contributions, including the provision of adequate support costs for the management of those contributions, and to simplify and standardize procedures.

16. In his proposals 22 and 23 regarding change management, the Secretary-General had originally envisaged that resources would be needed at an early stage. At present, it has been decided that it would be premature to proceed with a request for additional resources. This does not preclude the need for ongoing leadership in monitoring reform implementation, coordinating discussion inputs from inside the Secretariat and bringing problems to the attention of the Deputy Secretary-General when they arise. It is likely, therefore, that at this time any additional change management requirements would be met from the capacity and expertise currently available to the Secretariat.

17. The addenda to the present report cover clusters of proposals, as set out below.

Addendum 1: Investing in information and communication technology

18. Addendum 1 provides detailed information on the request to create a new senior position of Chief Information Technology Officer of the United Nations. Given the magnitude of resources the Organization spends on information and communication technology, such a post is considered vital, as the incumbent would be responsible for developing the information and communication technology strategy, operational policies and procedures and the most appropriate structure for the service.

19. In addition, the overall landscape of Secretariat-wide information and communication technology systems is addressed, particularly the need for its urgent upgrading through the identification and implementation of an appropriate enterprise resource planning solution that could meet all the needs of the United Nations in the required functional areas.

Addendum 2: Budget implementation

20. The Secretary-General has on a number of occasions indicated that despite serving as the chief administrative officer of the Organization, he has no authority to shift any money between programmes, or from staff to non-staff costs, without the prior approval of Member States. This flexibility has, however, been granted by Member States to many heads of specialized agencies, funds and programmes in order to improve their capacity to respond to fast-changing demands. In line with recent decisions of the General Assembly, the Secretary-General sets out his proposals for limited discretion in budgetary implementation to enable him to carry out his managerial responsibilities effectively.

Addendum 3: Financial management practices

21. Addendum 3 addresses concerns that have been expressed by the General Assembly, the Advisory Committee, the Board of Auditors and the Panel of External Auditors with respect to the need for efficient and effective management of the resources of the Organization. The proposals reflect ongoing efforts made by the Secretary-General to ensure a sound financial base for the Organization, rationalization of administrative processes, improvement of financial reporting and facilitation of accountability and transparency. The proposals are also aimed at facilitating decision-making on the financing of the Organization by Member States on the basis of greater predictability of the level of contributions on which they will be assessed. Adoption of the International Public Sector Accounting Standards would help the United Nations to excel as a modern, progressive organization that uses and remains up-to-date on the best management practices.

Addendum 4: Improving reporting mechanisms, including public access to United Nations documentation

22. Performance and financial information is currently provided to the General Assembly in a number of separate reports and by a variety of offices. It is anticipated that the submission of an annual report that links policy priorities, programme activities and resources and management challenges would enable both the General Assembly and the global public to better assess the Organization's performance and management of resources.

23. As concerns the consolidation of reports, in any given recent biennium more than 150 management-related reports and financial statements have been submitted for consideration by the General Assembly. This has the potential of not providing Member States with the full information necessary for them to make well-informed decisions. Accordingly, underlying the proposal to streamline reporting is the goal of providing more strategic and analytical information to Member States to enable them to evaluate Secretariat action and ensure the proper implementation of mandates.

24. The United Nations wishes to encourage the public to take an active interest in its activities. Accordingly, by increasing the Secretariat's capacity to implement information disclosure proposals, the Organization will demonstrate good governance through enhanced transparency. The addendum addresses the current access process as well as the proposed plan of action, which would enhance and simplify access to United Nations documentation.

III. Revised estimates

25. The overall financial impact of the proposals contained in A/60/846/Add.1-4, as reflected in changes to the programme budget for the biennium 2006-2007, would amount to $6,381,300, including an increase of eight posts. These changes are reflected in the present revised estimates and are summarized in tables 2 to 4 below.

Table 2

Resource requirements

(Thousands of United States dollars)

Budget section		*Initial appropriation*	*Additional requirements*	*Total*
28A	Office of the Under-Secretary-General for Management	17 193.2	2 005.6	19 198.8
28B	Office of Programme Planning, Budget and Accounts	31 656.5	1 428.9	33 085.4
28D	Office of Central Support Services	246 437.3	2 318.4	248 755.7
30	Jointly financed administrative activities	11 178.8	424.0	11 602.8
35	Staff assessment	397 827.9	204.4	398 032.3
Total		**704 293.7**	**6 381.3**	**710 675.0**

Table 3

Posts by grade

Grade	*Initial appropriation*	*Proposed change*	*Total*
Professional category and above			
USG/DSG	30	–	30
ASG	21	1	22
D-2	90	–	90
D-1	257	–	257
P-5	745	2	747
P-4/3	2 501	3	2 504
P-2/1	491	–	491
Subtotal	**4 135**	**6**	**4 141**
General Service category			
Principal level	278	–	278
Other level	2 710	2	2 712
Subtotal	**2 988**	**2**	**2 990**
Other	**2 514**		**2 514**
Total	**9 637**	**8**	**9 645**

Table 4
Posts by section

Budget section		*Initial appropriation*	*Proposed change*	*Total*
28A.	Office of the Under-Secretary-General for Management	46	1	47
28B.	Office of Programme Planning, Budget and Accounts	132	4	136
28D.	Office of Central Support Services	458	3	461
Total		**636**	**8**	**644**

26. Additional resource requirements for the biennium 2006-2007 as outlined in table 2 might normally be considered to be potentially subject to the provisions governing the contingency fund (see General Assembly resolutions 41/213 and 42/211). In this regard, it is recalled that the Assembly, in its resolution 59/278, approved a contingency fund for the biennium 2006-2007 in the amount of $27.2 million. The balance of the contingency fund following decisions taken by the Assembly amounts to $637,300. However, it would appear that resolution 42/211 did not foresee circumstances such as those currently faced by Member States. A reduction of resources to fit within the remaining balance of the contingency fund would preclude fulfilling the intent of the Assembly as expressed in the 2005 World Summit Outcome and associated reform actions. Under the circumstances, the Assembly may wish to proceed for the purposes of this exercise in the same manner in which it handled a similar situation in December 2005 in addressing costs related to following up on the Summit Outcome (resolution 60/1).

IV. Action required of the General Assembly

27. **The General Assembly is requested to:**

Proposals 8 to 10

(a) **Approve the establishment of the post of the Chief Information Technology Officer;**

(b) **Decide to replace the Integrated Management Information System (IMIS) with a next-generation enterprise resource planning system to ensure that the Organization provides a high level of transparency and accountability with respect to its global resource management requirements, including all information technology needs arising from the adoption of International Public Sector Accounting Standards;**

(c) **Request the Secretary-General to submit a comprehensive report to the Assembly at the first part of its resumed sixty-first session outlining the scope, timetable, strategy and detailed resource requirements for replacing IMIS no later than 2009;**

Proposal 16

(d) **Authorize the Secretary-General:**

(i) **To transfer up to 10 per cent of appropriations between sections of the budget, within parts, during the budget implementation period to meet emerging demands and to report thereon to the Assembly in the context of the budget performance reports;**

(ii) **Amend financial regulation 5.6 to read as follows:**

The Secretary-General shall be authorized to make transfers between appropriation sections, within parts, during implementation of the budget. No transfer between parts may be made without authorization by the General Assembly.

(e) **Approve the grouping of posts for budgetary implementation as reflected in A/60/846/Add.2, paragraph 29;**

(f) **Request the Secretary-General to ensure that in exercising management of the groups of posts, the staffing table for the Secretariat as a whole and the level of the overall appropriation are respected;**

(g) **Request the Secretary-General to report to the General Assembly on the management of the staffing table in the context of the first and second performance reports on the programme budget;**

Proposal 17

(h) **Approve the adoption by the United Nations of the International Public Sector Accounting Standards by 2010;**

(i) **Consolidate the various peacekeeping accounts retroactively, excluding those of the United Nations Emergency Force (UNEF), the United Nations Operation in the Congo (ONUC), the Peacekeeping Reserve Fund and the strategic deployment stocks, effective 1 July 2007;**

(j) **Consolidate the individual resolutions on the financing of peacekeeping operations, including the support account for peacekeeping operations and the United Nations Logistics Base at Brindisi, Italy, into a single resolution beginning with the 2007/08 fiscal period for peacekeeping operations;**

(k) **Consolidate the various peacekeeping assessments on Member States into two assessments at the beginning and at the halfway point of the peacekeeping fiscal period, starting with the 2007/08 period;**

(l) **Approve the delinking of assessments for peacekeeping operations from the duration of the mandates approved by the Security Council and issue assessments in two separate components in accordance with appropriations for the financial period for peacekeeping operations;**

(m) **Apply to the consolidated account the standard practice of utilizing unencumbered balances, interest income and other miscellaneous income to provide the first element of financing of appropriations for the subsequent fiscal period, thereby reducing the net level of assessments to be charged to Member States;**

(n) Approve the consolidation of individual performance reports into a single report that would provide the overall peacekeeping budget level as well as performance data identifying the budget provisions and expenditures for each individual mission;

(o) Return to Member States credits available in the accounts of closed missions with cash surpluses; such credits would first be applied to settle outstanding assessments, on a mission-by-mission basis, and thereafter be applied at the discretion of the Member State. Should a Member State wish to receive a cash refund, the refund would be effected on the date of the consolidation;

(p) Settle outstanding liabilities in the accounts of closed missions with cash deficits, except for ONUC and UNEF, on the date of consolidation;

(q) Authorize the Secretary-General, with the prior concurrence of the Advisory Committee on Administrative and Budgetary Questions, to enter into commitments not to exceed the current authorized level of the Peacekeeping Reserve Fund of $150 million, regardless of the number of Security Council decisions;

(r) Increase the current delegation of commitment authority to the Advisory Committee to the current authorized level of the Peacekeeping Reserve Fund of $150 million;

(s) Amend financial regulations 4.6 and 4.8 by replacing in each case the figure of $50 million by $150 million;

(t) Authorize an increase in the level of the Working Capital Fund to $250 million;

(u) Decide that budgetary surpluses should be retained temporarily through the suspension of the relevant parts of financial regulations 5.3, 5.4 and 5.5;

(v) Decide whether the future distribution of surpluses might be applied to:

(i) Establishing a fund to accommodate unanticipated expenditures arising from exchange rate fluctuations and inflation; or

(ii) Meeting the Organization's unfunded liabilities arising from the after-service health insurance scheme; or

(iii) Financing an increase in the Working Capital Fund

(w) Approve the establishment of a reserve fund for adjustments resulting from variations in respect of currency fluctuations, inflation in non-staff costs and statutory cost increases for staff;

(x) Consider whether it would finance such a reserve fund from retained surpluses or by new assessments;

(y) Decide that interest should be charged on Member States' arrears of assessed contributions;

(z) Decide that interest should accrue monthly on amounts that are outstanding, due and payable under the regular budget and budgets of the

International Tribunal for the Former Yugoslavia and the International Criminal Tribunal for Rwanda as at 1 January 2007 and thereafter annually as at 1 January each year; the rate applied from 1 January 2007 would be the 2006 average rate received by the United Nations on its cash balances, with the 2007 average rate being applied from 1 January 2008 and so on;

(aa) Apply the same approach to unpaid assessed contributions for peacekeeping if peacekeeping accounts are consolidated, as proposed by the Secretary-General, or request the Committee on Contributions to make proposals with regard to the practical application of interest to peacekeeping arrears, given the current different arrangements for the financing of peacekeeping operations — including a different financial period and more frequent assessments. Should the Assembly decide that interest should be applied to Member States' arrears, it should make it clear that the revised amount is the new assessed contribution — which would thus be subject to the relevant provisions of the Charter;

Proposal 19

(bb) Note the intention of the Secretary-General to submit a single, comprehensive annual report to the General Assembly that would contain both financial and programme information, as discussed in A/60/846/Add.4, section II;

(cc) Welcome the ongoing efforts of the Secretary-General to consolidate reports on related subjects, if so decided by the Main Committees, and endorse the consolidation of the reports reflected in A/60/846/Add.4, annex I;

(dd) Take note of the policy on public access to United Nations documentation, as set out in section IV of A/60/846/Add.4;

Appropriation

(ee) Decide to appropriate a total amount of $6,381,300, comprising $2,005,600 under section 28A, Office of the Under-Secretary-General for Management; $1,428,900 under section 28B, Office of Programme Planning, Budget and Accounts, $2,318,400 under section 28D, Office of Central Support Services; $424,000 under section 30, Jointly financed administrative activities; and $204,400 under section 35, Staff assessment, to be offset by an equivalent amount under Income section 1, Income from staff assessment, under the programme budget for the biennium 2006-2007.